

**STATE OF ILLINOIS**  
**ILLINOIS COMMERCE COMMISSION**

CENTRAL ILLINOIS LIGHT COMPANY )

d/b/a AmerenCILCO, )

Petition for special permission to place tariff  
sheets into effect on less than 45 days notice. )

Docket No. 06-

06-0779

CHIEF CLERK'S OFFICE

2006 DEC - 6 P 36

ILLINOIS  
COMMERCE COMMISSION

**PETITION FOR SPECIAL PERMISSION**

Central Illinois Light Company, d/b/a AmerenCILCO, hereby petitions the Commission pursuant to 220 ILCS 5/9-201 and 83 IL Admin. Code 255 for special permission to place into effect certain revisions to its electric tariffs on less than 45 days notice. Specifically, AmerenCILCO respectfully requests that the Commission enter an order on or before December 31, 2006, allowing AmerenCILCO to put into effect a Customer Elect Plan tariff ("Proposed Tariff") on January 2, 2007. The Proposed Tariff, Rider CEP, which is attached as Appendix A to this Petition, would implement an optional deferred billing plan that would allow residential, small commercial, primary and secondary schools, and certain local governmental customers to phase-in the effect of the rate changes that those customers are expected to experience beginning on January 2, 2007.

In support of this Petition, AmerenCILCO states:

1. AmerenCILCO's rates for bundled electric service have been frozen during the mandatory transition period under the terms of the Customer Choice Law of 1997, 220 ILCS 5/16-101, et seq. Under the terms of that law, the rate freeze ends on January 1, 2007.
2. The Commission has previously approved new delivery service and basic generation service tariffs for AmerenCILCO establishing rates for bundled electric service on and after January 2, 2007 in Docket Nos. 05-0160 et al. (consol). and Docket Nos. 06-0070 et al. (consol.). The effect of these new rates could be significant increases for many of

AmerenCILCO's customers, including residential customers, many small commercial customers, and schools providing primary and secondary education, and specified local governmental entities such as municipalities.

3. Previously, AmerenCILCO, together with its affiliates, AmerenCIPS and AmerenIP (collectively, the "Ameren Illinois Utilities" or the "Companies"), proposed an optional phase-in plan that would apply only to residential customers and only be effective from beginning May 2007 through December 2009.

4. AmerenCILCO has listened with interest to the legislative debate and discussions over the last several days, including the statements offered by representatives of consumer advocacy groups such as the Citizens Utility Board, the Attorney General, and AARP, who expressed concern over the increase in rates. We have also listened to concerns of our customers, as well as reviewing the evidence raising similar concerns from the Staff and interveners in Docket No. 06-0488. It is apparent the proposal under consideration in Docket No. 06-0448 does not address many of the concerns the Companies have heard expressed in recent days.

5. Accordingly, the Ameren Illinois Utilities have developed a new proposal (the "Customer Elect Plan" or the "Plan") that is a significant enhancement to the previous plan under consideration in Docket No. 06-0448. This proposal expands plan eligibility for plan participation from residential customers to also include small commercial customers, primary and secondary schools, and selected local governmental units (e.g., municipalities). In addition, the Companies have reduced the interest charges on deferred amounts by 50%, from 6.5% to 3.25%. Further, the Plan also lowers the annual rate phase-in cap to 14% for each of the three years 2007-2009, from 15% in the previous plan for the same period. Commission acceptance of the Proposed Tariff will mean that approximately 90% of the Ameren Illinois Utilities' retail

customers will be eligible to participate in this optional rate phase-in plan. This new Customer Elect Plan will also provide for participation, via a retroactive deferral, for all electric bills for service used on or after January 2, 2007. The Ameren Illinois Utilities also will make a significant monetary contribution to program funding as later described, assuming approval of Rider CEP.

6. AmerenCILCO is asking the Commission to allow AmerenCILCO to make this option available to eligible customers on and after January 2, 2007, by allowing the Proposed Tariff to go into effect on less than 45 days notice, with an order on or before December 31, 2006, for the compelling reasons specified later in this Petition.<sup>1</sup>

7. The Ameren Illinois Utilities yesterday filed a Motion to Stay Docket No. 06-0448 pending the Commission's approval of the Proposed Tariff. It is AmerenCILCO's view that this Customer Elect Plan is superior to the plan on file in Docket No. 06-0448 and that the Commission, its Staff, and other interested parties' resources and time are better devoted to understanding this proposal.

### **Terms of the Proposed Tariffs**

8. AmerenCILCO's proposal is defined in the Proposed Tariff. Following is a summary of the provisions:

#### **Eligible customers**

- Residential customers;
- School facilities providing primary and secondary education (K-12) that are projected to experience a bundled rate increase of 15% or greater in 2007;

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<sup>1</sup> AmerenCIPS and AmerenIP are separately filing petitions seeking to place identical tariff provisions in effect on January 2, 2007.

- Local governmental units as identified in the Proposed Tariff (e.g., cities, counties) that are projected to experience a bundled rate increase of 15% or greater in 2007; and
- Small commercial retail customers as defined by 220 ILCS 5/16-102, that is retail customers whose annual usage is 15,000 kWh or less, and who are projected to experience a bundled rate increase of 15% or greater in 2007.

#### **Deferral and Repayment Provisions**

- Eligible customers who enroll will receive rate caps in 2007-2009 that limit increases to 14% over the average rate charged to their group in the prior year;
- Eligible customers may enroll through August 21, 2007, but customers who enroll by April 10, 2007, will be allowed to retroactively defer rate increases to January 2, 2007;
- Deferred balances will accrue interest at an annual rate of 3.25%;
- Repayment will occur during the 2010-2012 period, through a monthly levelized charge; and
- Similar to the prior proposal – a downgrade to non-investment grade status by Moody's or Standard & Poor's will cause the plan to terminate and accelerate recovery of deferred amounts (prior plan also included Fitch's credit rating as a possible triggering event).

9. In addition to the provisions of the Proposed Tariff, the Ameren Illinois Utilities are willing to commit funding to various programs and other measures if the Proposed Tariff is allowed to go into effect on January 2, 2007. The Ameren Illinois Utilities are not asking the Commission to review or approve any aspect of these commitments, but AmerenCILCO hereby pledges that it will not seek rate recovery of any portion of the cost of these commitments. The specific commitments for the Ameren Illinois Utilities are as follows:

## **Funding Commitments**

- Total minimum funding commitment by the Ameren Illinois Utilities of \$15 million over 2007 and 2008.
  - 60% (\$9 million) to low income assistance and senior programs; and
  - 40% (\$6 million) to energy efficiency and renewable energy programs

The Ameren Illinois Utilities will work collaboratively with representatives of the State of Illinois and its agencies to design and implement these programs. The Ameren Illinois Utilities will announce the details of these programs no later than March 1, 2007.

For 2007 and 2008, the Ameren Illinois Utilities will submit a report to the Commissioners summarizing the above programs and expenditures. Such reports will be filed no later than April 30 for the prior calendar year.

10. The enhanced Customer Elect Plan is the product of input from those impacted by these rate increases – our customers. This plan expands eligibility to approximately 90% percent of the Ameren Illinois Utilities' customers. By expanding eligibility to include schools and municipalities, the Companies have eased the initial impact on those customers who rely on tax revenues to pay their bills and provide more time to assess budgetary issues and better coordinate long-term planning. In agreeing to reduce the interest rate to 3.25%, the Companies will subsidize their customers by recovering interest at a significantly lower rate than their own cost of debt. Finally, by offering deferrals retroactive to January 2, 2007, the Ameren Illinois Utilities have assured their eligible customers that this Customer Elect Plan will be there when they need it – on the date that the new rates go into effect (January 2, 2007).

11. During the 2006 Legislative Session, numerous pieces of legislation were drafted in an attempt to ameliorate the impact of the electric rate increases set for 2007. Most, if not all, of these bills had three fundamental flaws. These flaws were:

(i) Mandatory Participation. Several bills required that all residential customers participate in a cap and deferral plan. Many of the Ameren Illinois Utilities' customers would rather pay their bills when due rather than accumulate deferrals that must be added to future bills. Accordingly, participation in a cap and defer plan should be a choice, not a mandate. Moreover, mandatory participation and the resultant material increase in deferred balances are likely to result in significant cash flow problems for the Ameren Illinois Utilities that may lead to a credit rating downgrade to non-investment grade status. For the reasons stated in subparagraph (iii) below, such a downgrade could be devastating to the Ameren Illinois Utilities' ability to keep the gas flowing and the lights on. Finally, an opt-in, rather than a mandatory participation, plan is well within this Commission's authority to approve, without the need for new enabling legislation.

(ii) No Interest. Much of the proposed rate cap and deferral legislation provided that no interest would be recovered on the deferred balances. A fair and reasonable interest rate on deferred balances is critical to the success of any deferral plan for two reasons. First, the Ameren Illinois Utilities simply cannot afford to forego all carrying costs that they will incur as a result of this enhanced Customer Elect Plan – the cash flow shortfall would simply be too great and could, again, have a detrimental impact on the Companies' credit ratings. Second, by providing no interest on the deferred balances, a cap and defer plan would offer what is essentially “free money” to customers. This is not an appropriate price signal and is likely to encourage increased enrollment by customers that neither need nor would otherwise choose to

participate in the plan, but for the fact that no interest is being added to the deferred balances. The potential remains that, if the resultant participation levels are driven high enough, the increased deferrals could result in a credit rating downgrade. Instead, this enhanced Customer Elect Plan provides an appropriate middle-ground – an interest rate well below both the market interest rate and Companies' long-term cost of debt while providing assurances of the continued viability of this plan for those customers that need it.

(iii) No Credit Rating Protection Mechanism. To the Ameren Illinois Utilities' knowledge, no proposed legislation provided a credit rating protection mechanism. The presence of such a mechanism is essential to the long-term viability of these Companies, whose ratings have recently fallen to one step above junk. If these ratings would fall to junk, the Ameren Illinois Utilities would be faced with significant and immediate prepayment and collateral call requirements for gas supply and other services. This situation could result in a severe adverse impact on the liquidity of the Ameren Illinois Utilities and place one or more utilities in a precarious financial situation. As such, maintaining the Ameren Illinois Utilities' current credit ratings is an absolutely critical element to any cap and deferral plan. Accordingly, this Customer Elect Plan provides, as did the plan filed in Docket No. 06-0448, a credit ratings mechanism that provides for a termination of the Plan and acceleration of the recoveries of deferred balances in the unlikely event that their credit ratings decline to junk status. The Companies believe that this enhanced Customer Elect Plan will not, standing alone, result in a downgrade of their current credit ratings.

12. The enhanced Customer Elect Plan addresses each of these fundamental flaws. By using a voluntary opt-in, rather than mandatory, plan that charges a far below market rate of interest, this enhanced Customer Elect Plan strikes the proper balance between providing a fair

and equitable plan that provides adequate relief to those customers that need it while protecting the Ameren Illinois Utilities' credit ratings, which is in both the Ameren Illinois Utilities and their customers' long-term interests.

### **Need for Expedited Treatment**

13. There are three reasons that this tariff should go into effect on less than 45 days notice. First, this proposal offers customers who enroll before April 10, 2007, deferrals for service back to January 2, 2007. AmerenCILCO requires time to develop customer communication materials, publicize the plan to make eligible customers aware of their options and allow time for customers to enroll. AmerenCILCO does not believe that it would be practicable to either publicize a plan in a tariff that is not yet in effect or to delay publicity efforts until a fully litigated docket is concluded sometime next spring.

14. Second, because the plan offers retroactive deferrals, AmerenCILCO believes that the tariff must be in effect on the date to which the retroactive credits extend. Otherwise, the tariff could reflect impermissible retroactive ratemaking – i.e., resetting a previously approved rate after-the-fact. In this instance, if the Proposed Tariff becomes effective on January 2, 2007 and contains an offer of retroactive credits as part of the approved rate, there would be no possibility of retroactive ratemaking.

15. Third, any plan of this nature requires extensive reprogramming of billing software. Even though months away from an order in Docket No. 06-0448, AmerenCILCO and its affiliates have already begun reprogramming for residential customers on the assumption that some sort of plan will ultimately be approved. Even with this head start, the changes cannot be implemented until the May 2007 billing cycle. The addition of small commercial customers, primary and secondary schools and the specified local governmental entities as eligible



customers in the Proposed Tariff increases the complexity of the task. AmerenCILCO needs certainty by this Commission as to the inclusion of these customers in the plan in order to proceed with this additional programming.

16. The reasons above supporting an effective date of January 2, 2007, also apply to asking the Commission for an order on or before December 31, 2006. AmerenCILCO requires as much time as possible in order to make the necessary programming changes, inform and educate eligible customers of the Customer Elect Plan, plan for an orderly enrollment process, and in the end provide our customers with certainty and stability in the rate transition process.

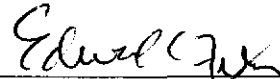
17. We note parenthetically that Commonwealth Edison Company ("ComEd") has an opt-in plan before the Commission in Docket No. 06-0411. We have been apprised that ComEd too is desirous of a final order from the Commission before year's end, no doubt for many of the same reasons we have set forth above. The Ameren Illinois Utilities suggest as another reason to for the relief being sought, that eligible customers throughout the State should have the benefits of such plans at the same time, and to avoid any possible confusion.

WHEREFORE, for all the reasons stated herein, AmerenCILCO respectfully requests that the Commission issue an order on or before December 31, 2006, allowing the Proposed Tariff to go into effect on January 2, 2007.

Dated: December 6, 2006

Respectfully submitted,

CENTRAL ILLINOIS LIGHT  
COMPANY  
d/b/a AmerenCILCO



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**Certificate of Verification**

I, Scott Cisel, President, Central Illinois Light Company, d/b/a AmerenCILCO, being first duly sworn, states that I have read the foregoing Petition for Special Permission, that I am familiar with the facts stated therein, and that the facts stated therein are true and correct to the best of my knowledge.



\_\_\_\_\_  
Scott Cisel

Subscribed to and sworn before me  
this 6th day of December, 2006.



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Notary Public

